

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>District Court No. 51 of the Charter Township of Waterford,</u> <u>Michigan</u>		County Oakland
Audit Date December 31, 2003	Opinion Date May 14, 2004		Date Accountant Report Submitted To State: June 18, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

**District Court Funds of District No. 51
Charter Township of Waterford
Oakland County, Michigan**

**Financial Report
with Supplemental Information
December 31, 2003**

District Court Funds of District No. 5 I Charter Township of Waterford

Contents

Report Letter	I
Basic Financial Statements	
Statement of Assets and Liabilities - Fiduciary Funds	2
Notes to Financial Statements	3-5
Other Supplemental Information	
Schedule of Cash Receipts and Disbursements	6



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Judges of the 51st District Court
Charter Township of Waterford
Oakland County, Michigan

We have audited the basic financial statements of the District Court Funds of District No. 51, Charter Township of Waterford as of December 31, 2003. These financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Court Funds of District No. 51, Charter Township of Waterford as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the District Court Funds of District No. 51, Township of Waterford's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

May 14, 2004



A worldwide association of independent accounting firms

District Court Funds of District No. 5 I

Charter Township of Waterford

Statement of Assets and Liabilities

Fiduciary Funds

December 31, 2003

	Agency Funds		
	Depository Account	Bond Account	Total
Assets - Cash and investments (Note 2)	<u>\$ 216,641</u>	<u>\$ 237,634</u>	<u>\$ 454,275</u>
Liabilities			
Returnable bonds	\$ -	\$ 237,634	\$ 237,634
Due to:			
State Treasurer	44,276	-	44,276
Charter Township of Waterford	156,490	-	156,490
Other governmental units	13,835	-	13,835
Secretary of State	<u>2,040</u>	<u>-</u>	<u>2,040</u>
Total liabilities	<u>\$ 216,641</u>	<u>\$ 237,634</u>	<u>\$ 454,275</u>

District Court Funds of District No. 51

Charter Township of Waterford

Notes to Financial Statements

December 31, 2003

Note 1 - Significant Accounting Policies

The accounting policies of the District Court Funds of District Court No. 51, Charter Township of Waterford, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

The following is a summary of the significant accounting policies used by the District Court Funds of District Court No. 51:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to collection of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors within the limits of the Charter Township of Waterford, Michigan (the "Township").

Note 2 - Cash and Cash Equivalents

The District Court is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. The cash and investments of the District Court are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

Deposits in financial institutions (checking accounts, savings accounts, and money market accounts)	\$ 298,920
Investments in bank investment pools	<u>155,355</u>
Total	<u>\$ 454,275</u>

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$305,462. Of that amount, \$100,000 may be covered by federal depository insurance and the remainder would be uninsured and uncollateralized.

District Court Funds of District No. 5 I

Charter Township of Waterford

Notes to Financial Statements

December 31, 2003

Note 2 - Cash and Cash Equivalents (Continued)

The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District Court evaluates each financial institution with which it deposits District Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The bank investment pools are regulated by the Michigan Banking Act and the fair value of the position in the pool is the same as the value of the pool shares. Investments are normally categorized to give an indication of the level of risk assumed by the District Court; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The District Court believes that the investments in these funds comply with the investment authority noted above.

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the Charter Township of Waterford, Michigan General Fund and, accordingly, such costs are paid by the General Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District Court has purchased commercial insurance for medical benefit claims, and participates with the Township in the Michigan Municipal Risk Management Authority (the "Authority") risk pool for claims relating to property loss, torts, and errors and omissions; the District Court participates in the Township's self-insurance program for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the insured.

District Court Funds of District No. 5 I Charter Township of Waterford

**Notes to Financial Statements
December 31, 2003**

Note 3 - Court Operations (Continued)

Waterford Township estimates the liability for general liability and workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The District Court shares this risk with the Township, which has recorded this estimated liability for the entire program. Any liability allocable to the District Court is not considered to be significant.

Other Supplemental Information

District Court Funds of District No. 5 I

Charter Township of Waterford

Other Supplemental Information

Schedule of Cash Receipts and Disbursements

Year Ended December 31, 2003

	Trust and Agency Account	Bond Account
Cash and Investments - January 1, 2003	\$ 239,146	\$ 320,208
Receipts		
Fines, fees, and court costs	2,612,158	-
Programs	31,831	-
Probation costs	255,851	-
Restitution	32,690	-
Bonds posted	-	469,439
Civil Trust	-	33,352
Total receipts	2,932,530	502,791
Disbursements		
Transfers to Charter Township of Waterford	2,313,430	-
Penal fines	37,473	-
State Treasurer	486,615	-
Judges' Retirement System	48,154	-
Restitution	35,433	-
FAC	33,930	-
Net bonds returned	-	544,325
Civil Trust	-	41,040
Total disbursements	2,955,035	585,365
Cash and Investments - December 31, 2003	\$ 216,641	\$ 237,634